

Message Text

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ACTION EA-14

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SUBJECT: THAI RICE EXPORT MARKET

REF: BANGKOK 12211

BEGIN UNCLASSIFIED

SUMMARY

COL. NARONG KITTIKACHORN DEP. SECY GEN OF THE BOARD OF INSPECTION AND FOLLOW-UP OF GOVT. OPERATION, HAS ANNOUNCED RTG DECISION TO EXPORT 99,000 TONS OF VARIOUS GRADES OF THAI RICE LARGELY TO COUNTRIES IN ASIA. NARONG ALSO REPORTED THAI STOCKS OF RICE AT 160,000 TONS OF BROKEN AND 55,000 TONS OF PARBOILED. FINALLY NARONG SAID THE RTG WAS COLLECTING FEES OF 650 BAHT ON EACH TON OF A-1 SUPER BROKEN EXPORTED. MONIES GENERATED IN THIS WAY WOULD BE USED TO ACCELERATE IRRIGATION PROJECTS IN 28 THAI PROVINCES ULTIMATELY TRIPLING THAI RICE PRODUCTION.
END SUMMARY.

1) ACCORDING TO A PRESS RELEASE OF THE RTG PUBLIC RELATIONS DEPT., COL. NARONG KITTIKACHORN, SON OF THE PRIME
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MINISTER AND DEP. SEC. GEN OF THE BOARD OF INSPECTION AND FOL-

LOW-UP OF GOVT OPERATIONS (BIFGO), AT A PRESS CONFERENCE ON AUG. 15 MADE THE FOLLOWING STATEMENTS ABOUT RICE EXPORTS AND PLANS FOR INCREASING RICE PRODUCTION:

PLANNED EXPORTS OF RICE:

14,000 TONS OF A-1 BROKEN TO THE PHILIPPINES
25,000 TONS OF A-1 SUPER BROKEN TO INDONESIA
20,000 TONS OF A-1 SUPER BROKEN TO SINGAPORE
12,000 TONS OF GLUTINOUS TO LAOS AT RATE OF 4,000
TONS PER MONTH BEGINNING IMMEDIATELY
3,000 TONS OF PARBOILED RICE TO MALAYSIA
12,000 TONS OF PARBOILED RICE TO THE MIDDLE EAST
10,000 TONS OF PARBOILED TO BANGLADESH
3,000 TONS OF PARBOILED RICE TO MAURITIUS

2. THAILAND PRESENTLY HAS STOCKS OF 160,000 TONS OF BROKEN AND 55,000 TONS OF PARBOILED RICE, ACCORDING TO THE SAME REPORT. THAILAND'S INTENTION IS TO INCREASE EXPORTS OF RICE TO TRADITIONAL RICE MARKETS, DEPENDING ON THE SUCCESS OF THE SECOND RICE CROP AND ON THE NEEDS OF THE IMPORTING COUNTRY. NARONG CITED SPECIFICALLY THAILAND'S DESIRE TO INCREASE EXPORTS TO INDONESIA.

3. CHIEF AMONG THE 53 DIFFERENT RICE EXPORTING COMPANIES RECEIVING EXPORT ALLOCATIONS FOR THE SALE TO THE PHILIPPINES, IS THE COMPANY OWNED BY THE PRESIDENT OF THE RICE TRADERS ASSOCIATION WHO IS ALSO CONCURRENTLY CHAIRMAN OF THE CHINESE CHAMBER OF COMMERCE. NARONG CLAIMED THIS THAI COMPANY WAS BEING REWARDED FOR ITS "WHOLEHEARTED COOPERATION WITH THE GOVT IN SOLVING THE PROBLEM OF RICE PRICES".

4. COL. NARONG ALSO ANNOUNCED THAT THE RTG WAS COLLECTING FEES ON RICE EXPORTS AMOUNTING TO 650 BAHT (\$32.50) PER TON FOR A-1 EXTRA SUPERBROKENS THEREBY GENERATING MONIES OUTSIDE THE REGULAR BUDGET THAT COULD BE USED FOR IMPROVEMENTS IN THAILAND'S IRRIGATION SYSTEM. CANALS ARE TO BE DUG IN 28 PROVINCES. ACCORDING TO NARONG'S SEEMINGLY OPTIMISTIC PREDICTIONS, THAILAND WILL BE ABLE TO COMPLETE A SEVEN-YEAR IRRIGATION PLAN IN JUST THREE YEARS AND ULTIMATELY TO TRIPLE LIMITED OFFICIAL USE

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THAI RICE PRODUCTION, AS A RESULT OF THESE PROJECTS.

5. FINALLY, NARONG PROMISED AN END TO RTG INTERVENTION IN THE RICE MARKET UNDER ARTICLE 17 POWERS "WHEN THE PROBLEM OF SHORTAGE AND HIGH PRICES IS SOLVED". HE ALSO CLAIMED LONG TERM PLANS TO SOLVE THE RICE PROBLEM WERE BEING DEVELOPED BY THE RTG. END UNCLASSIFIED
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6. THE LARGE RICE EXPORT QUOTA TO THE PHILIPPINES ACCORDED THE FIRM OWNED BY THE CHAIRMAN OF THE RICE TRADERS ASSOCIATION, WHO IS CONCURRENTLY CHAIRMAN OF THE CHINESE CHAMBER OF COMMERCE, HAS DRAWN ATTENTION FROM OTHER BUSINESSMEN. SEVERAL BUSINESS LEADERS HAVE CHARACTERIZED THIS DEAL AS AN ATTEMPT TO BUY OFF THE CHAIRMAN OF THESE TWO POWERFUL ORGANIZATIONS AND THEREBY SILENCE CRITICISM FROM THIS DIRECTION OF ALLEGED RTG MISMANAGEMENT OF THE RICE TRADE.

7. OTHER INITIAL SOUNDINGS AMONG THE BUSINESS COMMUNITY AS WELL AS INQUIRIES OF INDIVIDUAL THAI INDICATE RICE IS NOW AVAILABLE ON THE MARKET, ALTHOUGH AT SOMEWHAT HIGHER PRICES THAN THOSE FIXED BY THE GOVT. THESE REPORTS AND THE ABSENCE OF RECENT PRESS COMMENT ON THE RICE MARKET PERMIT TENTATIVE CONCLUSION THAT THE THAI INTERNAL RICE MARKET IS RETURNING TO NORMAL.
UNGER

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